

PSF-OSS: January 1945

Box 170

C. S. J. folder 5-45-

~~TOP SECRET~~

file
OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

3 January 1945

Miss Grace Tully
The White House

My dear Miss Tully:

I believe the President would
be interested in the enclosed message from the OSS
representative in London.

Sincerely yours,

G. Edward Buxton
G. Edward Buxton
Acting Director

Enclosure.

DECLASSIFIED

By *SPS*

CIA

007622

By *SPS*

JUN 11 1973

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3 JAN 11 1973
WASHINGTON, D.C.
OFFICE OF STRATEGIC SERVICES

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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3 January 1945

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MEMORANDUM FOR THE PRESIDENT:

007622
By SPB DATE JUN 11 1973

The following information has been received from the
OSS representative in London:

King Peter of Yugoslavia has sent the following letter to King George of England with a copy of his reply to Churchill:

"Dear Uncle Bertie,

"First, let me say again, on behalf of Sandra and myself, all my good wishes to you and Aunt Elizabeth and the girls for a very Happy New Year.

"I am sending you a copy of a letter I wrote to Mr. Churchill. Please help me to make him understand my point of view. I cannot act against my oath to the Constitution. I know this is right and wise and will avoid a lot of trouble in the future, and safeguard my people from untold miseries. I feel very hurt at the moment as it does not look as if I am given a fair chance just now.

"I did not bargain in the dark days of 1941 when I came in on this side unhesitatingly. I stood by our traditional friend, Great Britain. It is only fair that Great Britain should stand by me now. On my side all

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RECEIVED
FOR THE DIRECTOR
JAN 11 1973
WASHINGTON D.C.
OFFICE OF STRATEGIC SERVICES

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- 2 -

my life I will try to be worthy of this friendship and trust in me.

"With love,

"Peter"

In discussing the situation with the OSS representative on 2 January, King Peter reaffirmed his determination not to sign the Tito-Subasich agreement as it now stands, under any conditions.

G. Edward Buxton

G. Edward Buxton
Acting Director

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By Authority of CIA
007622
By AB Date JUN 11 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

8 January 1945

Miss Grace Tully
The White House
Washington 25, D. C.

Dear Miss Tully:

I believe the President will be interested
in the attached report.

Sincerely,

G. Edward Buxton
G. Edward Buxton
Acting Director

Attachment

O.S.S. from 3-45-
~~SECRET~~
files
OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

8 January 1945

MEMORANDUM FOR THE PRESIDENT

I believe you will be interested in the following dispatch which we have just received from our representative Mr. Bernard Yarrow:

"Dined with Subasic last night, very perturbed over present situation. Has appointment with Churchill Monday afternoon, 8 January, prior to British cabinet meeting dealing with Yugoslavia problem.

"King George of Greece saw King Peter and told latter that he was given the '3rd degree'. He spent with Churchill from 1000 p.m. to 0500 a.m. when he finally weakened and gave consent to Regent's appointment. Peter is full of determination not to follow same path."

G. Edward Buxton
G. Edward Buxton
Acting Director

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CIA

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By

SR

Date

NOV 27 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

8 January 1945

Miss Grace Tully
The White House
Washington 25, D. C.

Dear Miss Tully:

I believe the President will be interested
in the attached report.

Sincerely,

G. Edward Buxton
G. Edward Buxton
Acting Director

Attachment

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C. (25)

8 January 1945

Miss Grace Tully
The White House
Washington, D. C.

Dear Miss Tully:

I believe the President will be interested
in the attached report.

Sincerely,

G. Edward Buxton

G. Edward Buxton
Acting Director

Attachment

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

8 January 1945

MEMORANDUM FOR THE PRESIDENT

I believe you will be interested in the following two dispatches which we have received on 5 January 1945, from our representative Mr. Bernard Yarrow:

"King forwarded yesterday, January 4, memorandum to Churchill dealing specifically with legislative powers of anti-Fascist Council of National Liberation (AVNOJ). King takes exception to provision in agreement giving unrestricted legislative power and to fact that representatives of AVNOJ were not elected by people.

"King sees great danger to his royal rights in AVNOJ. He concludes:

'I thought it my duty, Mr. Prime Minister, to draw your attention to this very vital question of the proposed abuse of the legislative power. Every chance of fair play for my sorely tried people, and for myself, rests in its not being a weapon in the hands of a faction. I put all my hopes and my faith in your love of justice and liberty.'

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By ABS Date JUN 11 1973

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"Ambassador Stevenson visited the King this morning, January 5th. He stated King's reply memorandum to Churchill is irrefutable and statements made therein well taken, but that they lose their significance in face of actual situation. He said, 'There is now a revolution in Yugoslavia and in such times no attention is paid to legalistic arguments.' He stated he will submit to King, possibly this evening, entire draft of his suggestions.

"During conversation, Ambassador Stevenson stated his American colleague is entirely in accord with views taken by British government.

"King replied that under agreement the rights of the people are not guaranteed and his own constitutional rights not safeguarded, and he has no intention to sign agreement as it stands and thereby legalizing acts of small group claiming to represent revolutionary element in the country.

"After Ambassador's departure, King sent by messenger following letter to Churchill:

'Dear Mr. Churchill:

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By Authority of

'This morning the British Ambassador to Yugoslavia

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JUN 11 1973

By

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Date

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came to see me, to let me know your probable reaction to my 2 letters to you. He said the points raised in these letters were irrefutable but, as Yugoslavia is in a state of revolution, no Constitution or any other of the existing laws hold good at the moment. My answer to this was that unless, in the agreement, were included water-tight clauses protecting my people and my constitutional rights, the revolutionary faction represented by Avnoj would have unrestricted legal and factual powers over the whole land. This would be a death-warrant for my people.

'I have no objection to the agreement as a whole. But the 2 clauses, of the formation of the regency, and Article 2 of the amendment about the Avnoj wielding legislative power until the Constituent Assembly has finished its work are unacceptable to me.

'I am willing and will be thankful, Mr. Prime Minister, for any suggestions you may make to solve these problems.

'Yours very sincerely,

'Peter II''

G. Edward Buxton
G. Edward Buxton
Acting Director

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By Authority of CIA

007622

By DBS Date JUN 11 1973

~~TOP SECRET~~

OFFICE OF STRATEGIC SERVICES

WASHINGTON, D. C. (25)

8 January 1945

Miss Grace Tully
The White House
Washington, D. C.

Dear Miss Tully:

I believe the President will be interested
in the attached report.

Sincerely,

G. Edward Buxton

G. Edward Buxton
Acting Director

Attachment

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~~TOP SECRET~~

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

8 January 1945

MEMORANDUM FOR THE PRESIDENT

file

DECLASSIFIED

By Authority of CIA

007622

By aps Date JUN 11 1973

I believe you will find of interest the following two
dispatches which we have just received from our representative
Mr. Bernard Yarrow:

"Last evening, January 5, Ambassador Stevenson, (British
Ambassador to the Yugoslav Government), after seeing King
in morning, submitted following written memorandum:

'Your Majesty, as I promised you this morning I append
a few suggestions for a declaration which your Majesty might
make should you decide to approve the Subasic-Tito agreement
and appoint the proposed Council of Regency.

'I wish to emphasize that these suggestions are made
personally and privately and are not intended to be exhaus-
tive. It may well be that Mr. Eden or Mr. Churchill will
have further suggestions to make to your Majesty and the
present note is merely an aid to your consideration of the
problem with which you are faced.

'The declaration might start with some account of the
attitude your Majesty has maintained since the coup d'etat

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of March 27th, 1941 and go on to speak of your earnest desire to see your country liberated, though circumstances outside your control have prevented you from taking an active part in that liberation. Your Majesty might continue by saying that it is your ardent wish that the people's will regarding the structure and form of the future Yugoslavia should be expressed with complete freedom. You are determined to do all in your power to see that the evolution of the future state of Yugoslavia shall take place peacefully and that the rights of all your peoples are fully preserved. On the advice of your government and in accordance with the powers vested in you by Act 116 of the Constitution you have therefore decided to appoint a Council of Regency which will exercise the royal power in Yugoslavia pending a decision regarding the future form of the state. You take this step on the clear understanding that the legislative and administrative acts of the united government proposed in the recent agreement reached between Dr. Subasic and Marshal Tito and the AVNOJ will be in strict accordance with the program laid down in that agreement. The relevant passage or passages of the agreement might then be quoted.

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By SP Date JUN 11 1973

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'You might conclude the declaration with a passage stating that you are at your people's service in all things and will abide by the expression of their will in regard to the future form of the state.

'I wish to stress once again what I said to your Majesty this morning, January 6. Your desire to do all that lies in your power to protect the rights and liberties of your peoples is fully recognized. The fact is, however, that a revolution has taken place in Yugoslavia and no agreement, however carefully drafted and however apparently comprehensive, will preserve those rights if the will to carry it out wisely and tolerantly is lacking. All that your Majesty can do, therefore, to protect your position as the constitutional defender of your people's rights is to make it clear that you accept the Subasic-Tito agreement on the understanding that it will be carried out in strict accordance with the unexceptionable principles laid down in the agreement itself.

'I have the honor to be, sir

'Your Majesty's obedient servant

'Ralph Stevenson'

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By ABJ Date JUN 11 1973

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"Stevenson informed King that War Cabinet is meeting Tuesday to reach decision on Yugoslavia situation."

"King tells me Ambassador Stevenson gave him 'pep talk' yesterday, 5 January, outlining all advantages accruing to his signing agreement. Pointed out King's present financial arrangement will probably continue. Emphasized disadvantage following his refusal to sign, also danger of being cut off financially. During conversation Stevenson said, 'My American colleague is in complete accord with my views'. King's reply to Stevenson, as cabled 5 January was, 'I do not intend to legalize by signing the agreement the unconstitutional arrangements entered into by Tito and Subasic'.

"Pursuant to usual procedure, this morning, 6 January, I informed Patterson above information. Learned from him Stevenson related to Patterson his talk with King but did not convey King's reply to Stevenson, leaving impression with Patterson that everything was in the bag. Patterson, prior to my arrival, drafted cable based upon picture presented by Stevenson but modified it to correspond to actual

facts as given by me.

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By Authority of CIA

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By DBS

Date JUN 11 1973

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- 5 -

"Saw Subasic this morning, 6 January. He was in nervous state of mind and spoke of his deep concern over delay. 'I am afraid,' he said, 'if longer postponed, not only the King will be out but I will be kicked out as well and Tito will form his own government which will be recognized by Russia following the Lublin precedent.'"

G. Edward Buxton -

G. Edward Buxton
Acting Director

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By Authority of CIA

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By BS Date AUN 11 19

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

8 January 1945

Miss Grace Tully
The White House
Washington, D. C.

Dear Miss Tully:

I believe the President will be in-
terested in the attached report.

Sincerely,

G. Edward Buxton

G. Edward Buxton
Acting Director

DECLASSIFIED
By Authority of CIA
007622
By 092 Date JUN 11 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.
8 January 1945

o.s.s. files 5-45-

MEMORANDUM FOR THE PRESIDENT

I believe you will be interested in the following dispatch which we have just received from our representative Mr. Bernard Yarrow:

"This afternoon, January 8, King received Groll, Krnjevic, Banjanin, President of Yugoslav National Party and Budisavljevic, President of Independent Democratic Party. All 4 urged King not to sign agreement and emphasized that he is now sole defender of people's rights and cannot afford to let them down by legalizing unconstitutional acts contemplated by agreement.

"Tomorrow afternoon, January 9, King will see Churchill. Is now preparing final memorandum for Churchill which leaves no doubt that he will follow course heretofore adopted."

G. Edward Buxton
G. Edward Buxton
Acting Director

DECLASSIFIED
By Authority of CIA
007622
By DBL Date JUN 11 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C. (25)

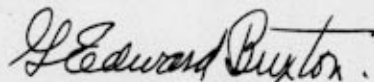
9 January 1945

Miss Grace Tully
The White House
Washington, D. C.

Dear Miss Tully:

I believe the President will be
interested in the attached report.

Sincerely,



G. Edward Buxton
Acting Director

Attachment

C. S. S. folder 5-45
~~TOP SECRET~~
file

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

9 January 1945

MEMORANDUM FOR THE PRESIDENT

I believe that you will find of interest the following dispatch which we have just received from our representative Mr. Bernard Yarrow:

"King seeing Churchill this afternoon, January 9.

"King showed me following letter which he will leave with Churchill after conference:

'London, January 9, 1945.

The Right Hon. Winston Churchill,
Prime Minister,
London, S.W.1.

Dear Mr. Churchill:

'When I heard that I was going to have the pleasure of seeing you today, I wrote this letter, which I am leaving with you, so that there could be no misunderstanding of my attitude.

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By Authority of CIA

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By APL Date JUN 11 1973

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'I have considered all that I have written to you, also all that I have heard since my last meeting with you and from all this I must stress again my very firm conclusion. I have never for a moment put in doubt the fundamental question of the agreement about the future form of the State of Yugoslavia, and about the people being able to express their will with complete freedom. But nobody can object if I ask for all guarantees as a constitutional monarch that the people's free will must be freely expressed without interference from any one particular party. I feel that I, as the second constitutional factor in the State, am entitled to defend and safeguard these principles.

'I have already expressed myself clearly about these matters in my letters to you, Mr. Prime Minister.

'I cannot go against my conscience. I am positively convinced that in following the course which I have adopted I am protecting the rights of my people and fulfilling my duty towards them and my country.

'Yours very sincerely,

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By Authority of CIA
007622
By ABJ Date JUN 11 1973

"Peter II R"
G. Edward Buxton
G. Edward Buxton
Acting Director

~~TOP SECRET~~

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O.S.S. folder 5-45-

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C. (25)

10 January 1945

Miss Grace Tully
The White House
Washington, D. C.

Dear Miss Tully:

I believe the President will be
interested in the attached report.

Sincerely,

Charles S. Cheston
Charles S. Cheston
Acting Director

Attachment

DECLASSIFIED
By Authority of CIA
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By SR Date NOV 27 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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10 January 1945

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By Authority of CIA

MEMORANDUM FOR THE PRESIDENT

007622

By SR Date NOV 27 1973

Knowing of your interest in the present attitude and situation of the Italian people, I think you may wish to read a few observations which we have recently received from an officer stationed in Naples.

This officer states that he has the impression of an area in space which is smashed physically and peopled by a black and gray mass of unlaughing faces. Society having lost most of its structure, life becomes a day-to-day matter. In many cases there is literally no food to be had, and houses are so cold and damp that in the evenings one goes to bed very early. Public services such as telephones and transportation are either atrophied or functioning spasmodically.

People try to steal -- a pair of socks here, some butter there, even chestnuts -- anything to provide warmth or food for the day. They are clever at this sort of thing. For instance, after a delegation of Soviet labor union officials had been carried in triumph through the streets on the shoulders of enthusiastic Italian workers, one of the Russians found himself without his shoes.

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It may be necessary for women to sleep with the soldiers, and this is done on a very large scale. The men are bitter about what they call the prostitutionism of their women, yet a great many parents send their daughters out so that the family may have the wherewithal to carry on.

It goes without saying that the black market is flourishing. It should be called the market rather than the black market; and the curious and bitter fact is that anything can be bought there--at a price. Sausages for breakfast are 390 lire (\$3.90) per pound. This is stiff by U.S. standards, and no comment is necessary on how it affects the local population. It is particularly distressing to see great quantities of Allied goods sold in the market. American cigarettes are 90 lire a pack, and the sales volume is very heavy indeed.

Furthermore foreigners are continually beset by Italians seeking something in the way of either food or favors. All these things often make Allied personnel irritable and cynical - if not harsh - in their dealings with the local population.

At the same time a certain self-flagellation is observed on the part of many Italians in all social strata. Time and again they speak of themselves contemptuously, saying they are capable of nothing, their leaders are either idiots or

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crooks, and their military effort a sham. They call themselves cowards and fools for ever having endured fascism -- and yet one wonders whether these are not the very people who not only submitted to fascism but were its most enthusiastic supporters. As a whole they are bewildered and confused, and sometimes they react in a pitiful childlike dependency upon the Allies.

The political atmosphere, particularly in recent days, is one of considerable tension, naturally aggravated by the ministerial crises. Of course, each party shouts its wares loudly and claims to represent "the mass of the people." The tension is manifested now and then in street fighting between political groups. Considerable elements of the population, however, do not care a whit for any of the parties and are already quite sick and tired of the whole political mess. Some of these people are not averse even to a dictatorship of some sort, in the hope that a semblance of system and order may be re-established. This is a dangerous analogue of conditions existing in Italy during 1919-20. Simultaneously there is a feeling of disillusionment in certain quarters as a result of the Allied directive that the Partisans in the north lie low during the winter since effective support cannot be given them.

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With the atmosphere in Italy so tense and short-tempered, this observer fears that all sides involved in the coming European political conflict will make judgments on the basis of rancor rather than fact. He is not certain that many people have learned much from the war. As often happens, they may have learned the wrong thing -- for at present there is certainly very little brotherly love among the peoples of Europe. At times they seem lost on a vast sea of misery, anger and confusion.

Charles S. Cheston
Acting Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C. (25)

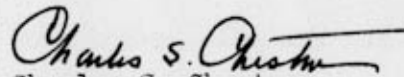
10 January 1945

Miss Grace Tully
The White House
Washington, D. C.

Dear Miss Tully:

I believe the President will be
interested in the attached report.

Sincerely,



Charles S. Cheston
Acting Director

Attachment

O.S.S. folder 5-45
~~TOP SECRET~~
OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

10 January 1945

MEMORANDUM FOR THE PRESIDENT

file
DECLASSIFIED

By Authority of CIA

007622

By WBS Date JUN 11 1973

I believe you will be interested in the following
dispatch which we have just received from our representa-
tive Mr. Bernard Yarrow:

"This evening, January 9th, King reported to me immediately after his conference with Churchill. Churchill received King in presence of Eden and Stevenson. Churchill was exceedingly cordial. He told King as follows: 'I am an Englishman and a foreigner to Yugoslavia. You are the King, and probably know your people better. My personal advice to you is to sign agreement. Of course I may be wrong in my judgment, but in my opinion by signing agreement you will preserve the continuity of Royal Yugoslav Government. You can give me three answers: 1. Complete acceptance of agreement. 2. That you cannot make up your mind. 3. Categorical refusal to sign. I would ask you to give me your answer as quickly as possible after you weigh the whole matter so that I may inform Marshal Stalin and Tito of your decision. I believe, and yet I may be in error, that if you do not sign

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this agreement these will be the consequences: Your Majesty will probably form a new government which we will formally recognize, but we will continue to deal with Tito. This situation is risky for you, for Tito may proclaim a republic, repudiate you, and put an end to your dynasty. These are the possibilities.' Churchill further said, 'Even if you should name your own Regency, they will still be under Tito's thumb.' In regard to the AVNOJ provision, Churchill said, 'Your memorandum regarding the AVNOJ is well taken, for its members are not elected representatives of the people, but Subasic told me yesterday that he is sure that Tito would agree that the former members of Parliament now living in Yugoslavia should join with the AVNOJ members.' In discussing provision of agreement excluding King's return to Yugoslavia, said, 'Your Majesty, if you should go back to Yugoslavia now, you would be compelled to sign many death warrants at Tito's request, and if you should refuse to sign them you would find that within 24 hours your own name would be added to the list.' "den expressed sympathy to King's situation, saying, 'Unfortunately, you are surrounded in

DECLASSIFIED London with incompetent politicians who are indeed of little

By Authority of CIA

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By DBS Date JUN 11 1973

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assistance to you. Why don't they go,' he continued, 'to Yugoslavia, to carry on their political activities over there. I am at your disposal, Your Majesty, and if you wish any information or my assistance to come to a decision, don't hesitate to call on me at any time. I advise you to sign agreement.' Churchill finally assured King: 'I shall always be your personal friend, whether you remain King or not. Make up your mind after careful consideration, and let me know your answer.'

"At 6 p.m. Ambassador Stevenson called King and asked whether he and Eden could come to Claridge's Hotel and assist King in drafting his answer. King thanked Stevenson, but said he would have to think the matter over himself. King told me that he is going to pursue the course stated in his letter which he left with Churchill today. (See our memorandum dated 9 January 1945.) King is meeting tomorrow afternoon secretly with Sutej and Krnjevic to get their suggestions to formulate his final reply.

"King emphasized that Churchill and Eden, in expressing their advice to sign agreement, did not exert any pressure

DECLASSIFIED on him to do so."

By Authority of CIA

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By DBS Date JUN 11 1973

Charles S. Cheston
Charles S. Cheston
Acting Director

O.S.S. folder 5-45-

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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11 January 1945

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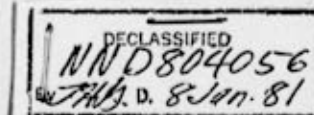
MEMORANDUM FOR THE PRESIDENT:

The following conversation occurred on 25 November between A (the highest authority at the source) and B, the leader of one of his most important organizations:

A: About Japan we already answered that we will study the possibility of mediation. Anyhow it would be advisable for Japan not to make any unfitting gesture, for it would only harm itself.

B: I think that the Russian Government has already decided to renounce the neutrality pact with Japan and that in the coming conference between Stalin, Roosevelt and Churchill the three leaders will just fix the method and the time for the renunciation. However, it would be useful to ascertain the limits of concessions which Japan is willing to make. This could be done by one of our men who is in Tokyo and who is very able.

A: Very well. We will give instructions on it. But it will be necessary to ascertain the peace conditions which would be offered by Great Britain and America, in order that



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we may be able to see whether the difference between the two stands could be solved by mediation.

B: This will be very difficult, probably impossible, for the Allies want an unconditional surrender. They feel sure of Russian cooperation. The news of the resignation of the Polish Prime Minister confirms the belief that the relations between Poland and Russia are evolving in favor of the USSR, and that Moscow on the other hand will comply with the Allies' wishes in the Far East.

A: Perhaps you are right. At any rate we must try to find out what are the conditions of the Allies. We hope the American representative here will help. Please inform your man in Tokyo that it is necessary to know the attitude of the Tokyo Government before determining whether our intervention is opportune. We recommend that he insists that Tokyo keep calm, at least until our answer.

B: I shall follow your orders promptly. But Japanese circles are very excited. They hope that the war in China may definitely turn in favor of Japan before the Allies can seriously intervene.

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A: This consideration should favor mediatory action.

Charles S. Cheston
Charles S. Cheston
Acting Director

VESSEL 7-a
Report of 4 December 1944

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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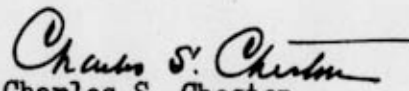
11 January 1945

Miss Grace Tully
The White House

Dear Miss Tully:

From time to time we receive messages from sources in the Vatican. In order to afford the source the greatest possible security, we have adopted the code name "VESSEL" for these reports. Under separate cover I am sending you VESSEL report 7-a, which, with this explanation as to source, I think will be of interest to the President.

Sincerely yours,


Charles S. Cheston
Acting Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

11 January 1945

~~SECRET~~
file

Miss Grace Tully
The White House

My dear Miss Tully:

I believe the President would be
interested in the enclosed VESSEL report numbered 7-a,
dated 4 December 1944.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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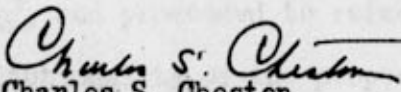
11 January 1945

Miss Grace Tully
The White House

Dear Miss Tully:

I think the President would be interested in the enclosed message from the OSS representative in London.

Sincerely yours,


Charles S. Cheston
Acting Director

Enclosure.

DECLASSIFIED

By Authority of CIA

007622
By APB Date JUN 11 1973

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O.S.S. from S.W. ~~TOP SECRET~~
file
OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

11 January 1945

MEMORANDUM FOR THE PRESIDENT:

The OSS representative in London has transmitted the following information:

In a recent conference with the OSS representative, Premier Subasich summarized his conference of 8 January with Prime Minister Churchill. Churchill showed Subasich the memorandum of King Peter and Krnjevic [prominent leader of Machek's Croat Peasant Party and former Yugoslav Vice Premier, who is unsympathetic to the Partisans], and proceeded to raise several questions regarding the constitutionality of the proposed Tito-Subasich agreement. Subasich, pointing out the illegal origin of the 1931 Yugoslav constitution [a reference to the fact that the 1931 constitution was promulgated by royal decree instead of by a constitutional assembly, this procedure having been specifically forbidden by the preceding constitution], replied that it would be difficult now to defend the monarchy on constitutional grounds. Subasich asserted that if such a defense were attempted "the war would be lost in Yugoslavia".

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By Authority of CIA

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By APL

Date JUN 11 1973

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According to Subasich, Churchill declared: "I do not like this agreement. It appears to set up a dictatorship by Tito, who has the army under his control. But I do not see any other way to solve the problem and I shall advise the King to sign the agreement." Churchill further pointed out that the agreement does not provide for the free functioning of other political parties [than those included in the Partisan movement] and emphasized that the members of the Avnoj [the Partisan Anti-Fascist Council of National Liberation] are not elected representatives of the people. Subasich replied that he is contemplating the possibility of broadening the Avnoj by inclusion of former parliamentarians now in Yugoslavia.

In conversation with the OSS representative, Subasich complained of not having seen King Peter for three weeks. He expressed concern over the "unfounded fears" of Britain and the United States that a Communist dictatorship will be installed in Yugoslavia, adding that the people of Yugoslavia want only a democracy and will insist on this form of government. Even Stalin himself, said Subasich, does not wish a Communist regime

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By APB Date JUN 11 1973

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in Yugoslavia. Finally, Subasich expressed his hope that "the King will himself grant concessions rather than have them taken by the masses themselves."

Charles S. Cheston
Charles S. Cheston
Acting Director

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By DBL Date JUN 11 1973

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WASHINGTON, D. C.

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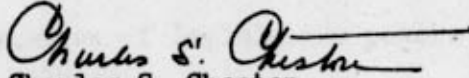
11 January 1945

Miss Grace Tully
The White House

Dear Miss Tully:

I believe the President would be
interested in the enclosed message, which was re-
ceived from the OSS representative in London.

Sincerely yours,


Charles S. Cheston
Acting Director

Enclosure.

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By ABJ Date JUN 11 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

file

11 January 1945

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By Authority of CIA
007622
By BAJ Date JUN 11 1973

MEMORANDUM FOR THE PRESIDENT:

The following information has been transmitted by the
OSS representative in London:

On the night of 10 January, at 2300 hours, King Peter completed deliberations with his advisors concerning his final reply to Churchill on the proposed agreement between the Yugoslav Government-in-Exile and Marshall Tito's Partisan administration. The letter to Churchill rejecting the proposals concerning a regency and the delegation of legislative powers to the Partisan Anti-Fascist Council was to be delivered on the morning of 11 January. At 1200 noon on 11 January it was planned to release the King's decision in a communique.

At 1100 on the morning of 11 January, British Ambassador Stevenson learned from King Peter's adjutant the contents of the proposed communique as set forth below. Stevenson telephoned to King Peter and Princess Aspasia Eden's instructions and warning not under any circumstances to release the communique to the press. Eden himself telephoned King Peter at his country residence requesting an immediate interview. 42

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press representatives who had gathered at the Royal Yugoslav Court to receive the promised communique were informed, much to their annoyance, that last-minute developments had prevented its publication. [According to press reports, the communique was issued later in the day.]

The following is the text of King Peter's letter to Prime Minister Churchill, dated 10 January:

"Dear Mr. Churchill:

"After having seen you and after very seriously weighing the matter, I am writing to give you my answer. I approve the fundamental proposals laid down in the draft agreement and its amendments.

"My acceptance, however, is subject to modification of the two clauses dealing with the suggested formation of a regency and Article 2 of the amendment. I feel most strongly that my people must be given the opportunity to freely express their will.

"I will accept any popular decision on this matter but, as a constitutional monarch, I consider it my sacred duty not to hinder this by any act of mine. I must insist, if a regency is unavoidable, that it be chosen by me and be responsible to me and to the future freely elected parliament.

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By DPB Date JUN 11 1973

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"As to Article 2 of the amendment under which the 'Anti-Fascist Council of National Liberation would wield unrestricted legislative powers until the constituent assembly had finished its work', I regard it as utterly unacceptable. To accept it would mean that I concurred in the transfer of all political power in Yugoslavia to a single group.

"A happy future for my country must be based on a national concentration of all democratic parties and movements as the only guarantee of a new and better start in Yugoslavia.

"I am deeply grateful to you, dear Prime Minister, for your great kindness and consideration. I am always at your disposal to do anything I can consistent with my duties, to find a solution satisfactory or at least acceptable to all.

"Yours very sincerely,

"Peter II R."

Charles S. Cheston
Charles S. Cheston
Acting Director

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By DBL Date JUN 11 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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12 January 1945

Miss Grace Tully
The White House

Dear Miss Tully:

I think the President would be
interested in the enclosed message, from the OSS
representative in London.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure

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By Authority of CIA

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By AB Date JUN 11 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

12 January 1945

DECLASSIFIED

By Authority of CIA

007622
By DBS Date JUN 11 1973

MEMORANDUM FOR THE PRESIDENT:

The following information has been transmitted by the
OSS representative in London:

In an interview with the OSS representative, King Peter summarized his 11 January conference with Eden, which had been held at the latter's request. According to the King, Eden first pointed out the possible consequences [of issuing a royal communique rejecting certain points of the proposed Tito-Subasich agreement]. Eden reportedly said to the King: "You are now taking an irrevocable stand. You may lose your throne as a result of your communique. You are burning all your bridges behind you, your Majesty." The King replied: "I know I am risking my throne. But I ask your permission to issue the communique because it is my decision; I want my people to know my views and to have them know I am not letting them down." Thereupon Eden, according to the King, amiably replied: "I have nothing but admiration for you, your Majesty, and we have no objection to your issuing the communique."

Eden then called in one of his advisors and together they suggested the following changes in the communique, which

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the King readily accepted. The phrase originally reading "the first concerns the suggested formation of the regency" was changed to read "the first concerns the suggested form of the regency". In the final paragraph of the communique the sentence, "Fraternity with Russia is the basic sentiment of the Slav peoples and the King would welcome an opportunity to confer directly with Marshal Stalin; whose name has meant so much to the people in their heroic resistance.", was changed to read, "Fraternity with Russia is the basic sentiment of the Slav people and the King has the greatest regard for Marshal Stalin, whose name has meant so much to the Yugoslav people in their heroic resistance."

Charles S. Cheston
Charles S. Cheston
Acting Director

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By Authority of CIA

007622
By DBS Date JUN 11 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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15 January 1945

Miss Grace Tully
The White House

Dear Miss Tully:

I think the President would
be interested in the enclosed message, from the
OSS representative in London.

Sincerely yours,

G. Edward Buxton

G. Edward Buxton
Acting Director

Enclosure.

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

15 January 1945

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By Authority of CIA

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By ABJ Date JUN 11 1973

MEMORANDUM FOR THE PRESIDENT:

The following information has been transmitted
by the OSS representative in London:

Subasich regards King Peter's communique of 11 January as a satisfactory statement since it accepts the Tito-Subasich agreement in principle. Subasich feels that he can easily meet the King's objection with respect to the Regency by substituting three other names. He does not regard the King's objection to the AVNOJ as insurmountable and feels certain that arrangements can be concluded to include all former members of Parliament into the AVNOJ.

On 12 January Subasich wrote to King Peter expressing his pleasure over the King's "agreement in principle" and his confidence that the two of them together could find a satisfactory solution to the two points to which the King took exception. Subasich told source that he would like to take the members of his Government to Yugoslavia so as to avoid a predicament similar to that of the Polish Government-in-exile, but was reluctant to do so, because he said he had "a bunch of saboteurs" around him. He also implied that if the King were amenable, he would probably go alone to Yugoslavia for further negotiations.

The following is a summary of events following the issuance of King Peter's communique:

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Subasich called a cabinet meeting on 12 January at which the majority recommended that the Government resign since they took the King's position to indicate that he had no confidence in the cabinet. Subasich persuaded them to defer action.

Later that day British Ambassador Stevenson asked Subasich in the name of Churchill not to resign and to consult with Stevenson or Eden before taking any action. Stevenson also transmitted Churchill's reminder that Subasich should feel free to call on Churchill or Eden on a moment's notice, if need be. Subasich then called a cabinet meeting, informed the members of Churchill's message, and the cabinet decided not to resign.

Subasich later offered Groll the vice-presidency of the AVNOJ. Groll apparently did not give a definite answer but is strongly tempted to accept.

The King replied on 14 January to Subasich's letter asking for an interview, stating: "As soon as I have an opportunity to obtain the benefits of the thoughts of a few more persons, I shall advise you as to the date when I can see you."

In a letter to Eden on 12 January, enclosing a copy of his communique, the King wrote: "Please understand that my stand was not out of selfishness or stubbornness but because I cannot let my people down in their hour of great need."

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By Authority of CIA

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By SPS Date JUN 11 1973

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Eden replied on 13 January: "I should like your Majesty to know that I am always at your service to discuss the affairs of your country should you wish to see me."

The King will stay at his country place on 15 January and on 16 January plans to see Trifunovich and Gavrilovich, two old Serbian leaders; Marusich and Kossanovich, members of his Government, and Partisan General Velebit. He will see Eden on 16 or 17 January.

All of the following was told source by the King in strictest confidence:

At his meeting with Eden, Peter plans to express his determination to meet with Tito in person, because he has no confidence that Subasich will safeguard his royal rights. He will request that Eden or Churchill be present at the conference.

G. Edward Buxton
G. Edward Buxton
Acting Director

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By Authority of CIA

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By ABJ Date JUN 11 1973

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OFFICE OF STRATEGIC SERVICES

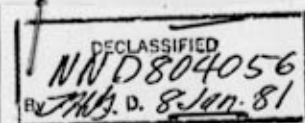
WASHINGTON, D. C.

15 January 1945

MEMORANDUM FOR THE PRESIDENT:

On 4 January 1945 the highest authority at source conferred with Cardinal Pietro Fumasoni-Biondi, Prefect of the Congregation for the Propagation of the Faith, who presented a memorandum based on reports from the Apostolic Delegate to Japan and from the Consistorial Congregation. The memorandum, dealing with the possible bases of a negotiated peace between the Japanese and the Anglo-Americans, makes the following points:

(1) The Japanese minimum demands for a negotiated peace are the following: Japan will renounce all occupied territories except Hainan and Hong Kong. Manchukuo is to retain its present status. The Philippines are to be independent and sovereign, free from all United States ties. India is to be elevated to dominion status in the British Commonwealth of Nations. The Dutch East Indies are to be elevated to dominion status under Holland. Japan will withdraw completely from China on condition that the Nanking and Chungking governments unite and also sign a treaty of "perpetual alliance" with Japan. England and the United States are to recognize Japan's privileged position in the Far East. Australia is to be opened to Japanese immigration.



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(2) It is understood at the source that the minimum Anglo-American demand for a basis of peace discussions is that Japan immediately withdraw from all territories conquered since 1937, when the aggression in China began. The Anglo-Americans want Japan to consider that, in case of a definitive Allied victory, Japan will revert to its status preceding the Sino-Japanese War of 1894.

(3) The Consistorial Congregation expresses its opinion that it is an act of profound generosity on the part of the Anglo-Americans even to consider discussions with Japan in view of the "unheard-of aggression" of Pearl Harbor, the invasions of the Philippines, and the possessions of the Dutch, French, and English in the far East. Only a "profound sense of humanity" impels the Anglo-Saxons to comply with source's request to furnish minimum demands.

(4) The memorandum notes the wide divergence in the minimum demands of the two belligerent groups and advises that the status of 1937 must be a necessary preliminary. The Japanese demands are regarded as those of a victor, and Japan is warned to consider the tremendous war potential of the Anglo-Americans, to which may be added some Soviet support.

(5) The memorandum cautions the Anglo-Americans that the form rather than the substance of their demands should be tempered and that the psychology of the orientals should be

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considered. It suggests that, as a basis for an armistice, a neutral zone should be established between the belligerents and that the Philippines should be immediately evacuated by the Japanese and an "independent regime" established there.

G. Edward Buxton.

G. Edward Buxton
Acting Director

VESSEL 20-a
Report of 12 January 1945

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OFFICE OF STRATEGIC SERVICES

WASHINGTON, D. C.

15 January 1945

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MEMORANDUM FOR THE PRESIDENT:

On 6 January 1945 the highest precedence at
social conferred with Cardinal Aloisius Josselyn-Scott, President
of the Congregation for the Propagation of the Faith, and

Miss Grace Tully
The White House

My dear Miss Tully:

I believe the President would
be interested in the enclosed VESSEL report numbered
20-a, dated 12 January 1945.

Sincerely yours,

G. Edward Buxton
G. Edward Buxton
Acting Director

Enclosure.

SECRET

- The Vessel reports
were fabrications.

See Washington Post,
Aug. 3, 1980

CONTROL
OFFICE OF STRATEGIC SERVICES
WASHINGTON, D.C.

16 January 1945

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MEMORANDUM FOR THE PRESIDENT:

The highest authority at source has conferred with Mgr. Costantini, Secretary of the Congregation for the Propagation of the Faith, concerning the situation in the Far East.

[This report is a continuation of our VESSEL 20-a.]

The latest information supplied source by the Apostolic Delegate to Japan reveals that Japanese industrial circles have gained increased influence over the military. This increase is due to recent bombings of Japan and to the fact that the population has been somewhat depressed by recent military defeats, notwithstanding government efforts to minimize the reverses. The Apostolic Delegate believes efforts at mediation by the highest authority at source should be intensified.

However, Mgr. Costantini is sceptical concerning the possibility of mediating to the satisfaction of the Japanese. His personal acquaintance with the Far East convinces him that it is impossible for the Japanese Government to accept conditions satisfactory to the Allies. He believes Japan could not

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abandon China without repercussions at home. On the other hand, Mgr. Costantini feels that only force of arms can maintain the Japanese position in China and Korea, and that the people in both these countries will rebel whenever Japanese force is lacking.

Charles S. Cheston
Charles S. Cheston
Acting Director

VESSEL 21-a
Report of 13 January 1945

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CONTROL **SECRET**
OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

16 January 1945

Miss Grace Tully
The White House

Dear Miss Tully:

I think the President would be
interested in the enclosed VESSEL report numbered
21-a, dated 13 January 1945. This is a continu-
ation of our VESSEL 20-a.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

CONTROL

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PSF: OSS

The "Vessel" and "Black" reports are fabrications. Their story was printed in the Washington Post, August 3, 1980.

Wash. Post 3 Aug '80

U.S. Blessing: OSS Agent In Vatican

By Thomas O'Toole
Washington Post Staff Writer

When he went to work for the Vatican in mid-1944, Virgilio Scattolini also went to work for the Office of Strategic Services, wartime precursor of the Central Intelligence Agency.

Overnight, Scattolini became a prize agent of the OSS. His reports were so prolific and valuable that the OSS kept one man in Italy doing nothing but translating and mailing them to Washington.

The verbatim accounts of private meetings between Pope Pius XII

and church leaders were priceless pieces of European intelligence. Scattolini's recitations of the pope's secret audiences with the German and Japanese ambassadors to the Holy See rang so true that the cables were rushed to the White House for President Roosevelt.

"Keep 'them' coming," Roosevelt's secretary, Grace Tully, wrote the OSS in January 1945. "The president finds this material most interesting and reads every one carefully."

Scattolini was the intelligence source for the first peace feelers

from Japan and the first signs of civilian unrest in war-torn Germany.

Scattolini informed the Americans of what the Russians were telling the Japanese about their intentions in the Pacific.

Scattolini flashed the news that Japan was thinking of breaking its axis with Germany and that Japan's industrialists were gaining influence over Japan's militarists.

There was only one problem with Scattolini's intelligence reports—none was true. Scattolini made it all up.

See VATICAN, A14, Col. 1

Sunday, August 3, 1980

THE WASHINGTON POST

Our Spy in the Vatican

VATICAN, From A1

He concocted his priceless dispatches because he needed the \$500 a month the OSS was paying. Scattolini invented papal meetings. He fabricated dialogue. He lied for the better part of a year about what went on inside the Vatican.

When the OSS realized how badly it had been taken, two of its top officials buried the Scattolini file—1,700 cables and documents—on a farm in Maryland.

The Scattolini file was unearthed around 1960 and returned to the CIA where it has resided in secrecy for 20 years. The identities of the agents who buried and then dug up the file are still unknown. Sources say the documents were given back to the CIA by one of the people who buried them as part payment for being rehired by the CIA.

The historic embarrassment is widely distributed in the U.S. intelligence community. Two presidents (Roosevelt and Truman) died not knowing that the Vatican files they read so avidly were falsified. Best-selling books were published about American intelligence exploits, including what came out of the Vatican, their authors unaware of Scattolini and his fraud. The names of those taken in by Scattolini's sham read like a who's who of American intelligence. They included OSS Chief Maj. Gen. William J. (Wild Bill) Donovan and James Jesus Angleton, celebrated head of CIA counterintelligence for a quarter of a century. He was Scattolini's case officer in Rome in 1944 and 1945.

This operation provides an unusual illustration of a papermill or fabrication operation, reads an understated CIA footnote to the Scattolini file written in 1949. "It also illustrates the danger of accepting at face value the product of an intelligence operation, which has not been secured by adequate counterintelligence investigation."

The Scattolini file is now in the pub-

lic domain, due largely to a quest for information about the Vatican's role in World War II by a Jesuit priest named Robert Graham. A native of San Francisco and a Vatican historian for the last 15 years, Graham tracked down the Scattolini file and sprung it loose from the CIA last year with a Freedom of Information Act request. The same file was made available to The Washington Post after a similar FOI request this year.

"It was a farce," Graham said not long ago. "To think that President Roosevelt, the State Department and the Joint Chiefs of Staff were fed these complete fabrications—it's incredible."

There is no evidence anywhere in the CIA's Scattolini file that any American intelligence agent ever met him. Angleton was his control officer, but Angleton, then an OSS first lieutenant, never laid eyes on Scattolini. Angleton's "cutout" or contact was an Italian named Filippo Setaceloli who collected Scattolini's reports and passed them on.

The way Setaceloli described him, Scattolini was in direct contact with the Vatican's secretary of state, who then was Magr. Giovanni Battista Montini, later Pope Paul VI. Among other things, Montini kept the Vatican archives where Scattolini said the minutes of the pope's most secret audiences were kept. Scattolini hinted he had access to the archives.

The procedure of the papal audiences is the following, says one document in the CIA file. "After each audience, Magr. Pio Rissignani, private secretary of the Pope, hears personally from the Pope what was said. He often writes a rough copy that the Pope corrects so that it may be registered in the archives."

In fact, according to Graham, no minutes were kept of any audience. Pope Pius XII ever had. Even today the Jesuit historian said there are no records anywhere in the Vatican of audiences by Pius XII with diplomats, church leaders or anybody else.

"If he kept any records, we sure don't have them," Graham said. "Even when Churchill came to see the pope after the fall of Rome (in 1944)... we have no record of their conversation."

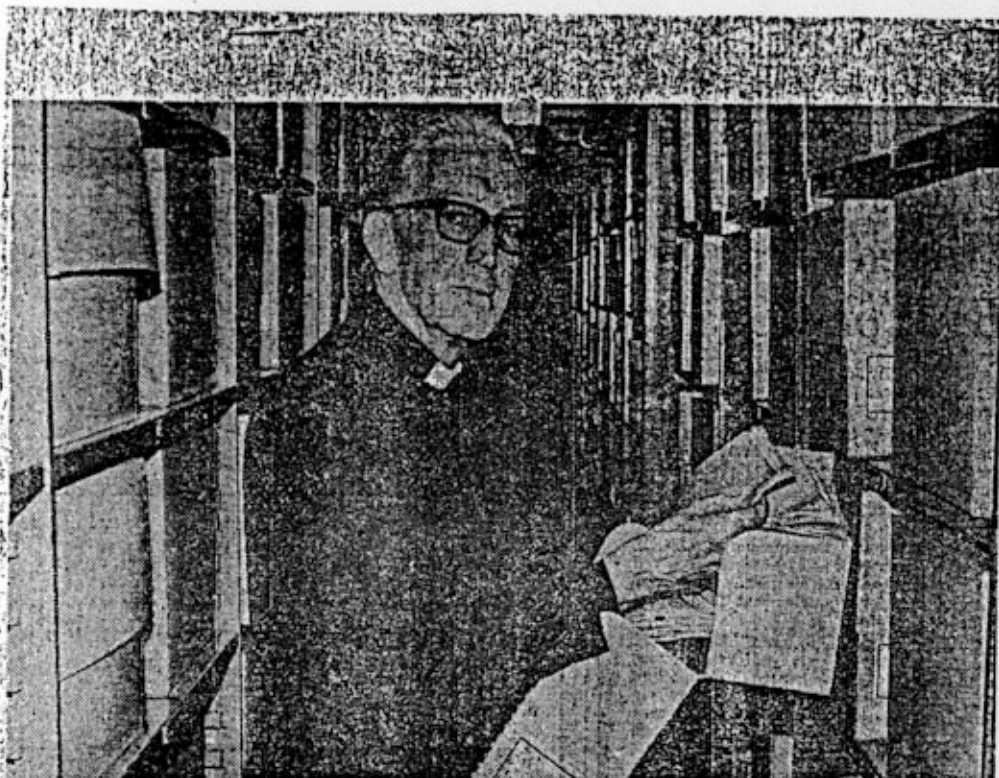
That didn't deter Scattolini. He transcribed no fewer than 20 audiences he said the pope held and sent them along to the OSS. He passed on the exact dialogue of audiences, the pope supposedly had with Roosevelt aide Harry Hopkins, U.S. 8th Army general Mark Clark, U.S. Ambassador Myron Taylor, Jesuit commander-in-chief Norberto de Boynes, Japanese ambassador Ken Harada, and U.S. Army general Dwight Eisenhower. Nobody caught up with the fiction.

A one-time writer of pornographic plays, Scattolini brought high skills to the task of inventing papal dialogue. He had the pope say he was considering the nomination of New York's Cardinal Spellman to be Vatican secretary of state. The appointment, Scattolini's pope said, could lead to Spellman's election as the first American pope.

Scattolini's papal dialogue offered grand speculations. He had the pope tell Cardinal Pietro Fumasoni Biondi: "Defeat will change Japanese mentality for the better. It will develop the best qualities of that people and Japan will become promising ground for the propagation of Catholicism."

But Scattolini made a major mistake that proved his undoing. He invented a Vatican meeting between American ambassador Myron Taylor and Japanese ambassador Ken Harada at which he said they discussed the possibility of peace in the Pacific. It was the first face-to-face meeting of any American and Japanese diplomats since Pearl Harbor. U.S. intelligence circles were aghast at Scattolini's dispatch.

So startled, in fact, that somebody asked the State Department to cable Taylor in Rome for more details of his historic meeting with Harada. Back came Taylor's historic reply: "I have



Rev. Robert Graham: "Even when Churchill came to see the pope, we have no record of their conversation."

not seen or talked with Ken Harada. I do not even know Ken Harada.

Incredibly, the OSS still refused to accept the idea that Scattolini had been fabricating his Vatican reports from the beginning. The OSS continued to pay him \$500 a month for his reports of the papal audiences until the end of the war in the Pacific. Only one thing changed—the OSS stopped passing the reports on to the White House and State Department.

When the war ended, the secret intelligence branch of the OSS lost all interest in Scattolini. But the counterintelligence branch did not. All along, the CIA file on Scattolini shows the counterintelligence branch distrusted him and told the secret intelligence branch to stop using him.

Scattolini stayed in business in the postwar years, peddling to the Italians, the Argentines and even the Swiss, American counterintelligence. He did nothing to stop his commerce but kept an eye on him.

Then, during 1948 elections in Italy, Vatican documents suddenly showed up in wide circulation by the communist-dominated Popular Democratic Front, part of an anti-clerical campaign organized in the crucial final months. The source of the documents was Scattolini.

It was too much for CIA counterintelligence. Two top OSS officials flew to Rome for an audience with the pope and showed him their documentation of Scattolini's frauds. The pope

called the Italian police, and Scattolini was arrested under an obscure Italian law that prohibits citizens from harming Italy's relations with the Vatican.

Scattolini admitted his frauds to the Italian police. Yes, he fabricated documents showing the Vatican in cahoots with the Italian and American governments. Yes, he made up conversations between the pope and the Italian president. Yes, he invented talks between the American ambassador and the secretary general of the Jesuits. He was sent to prison.

"He was a counterfeiter spy," Graham says. "A plain Italian journalist with powerful imagination and no scruple. The amazing thing is that he took the Sam hook, line and sinker."

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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16 January 1945

Miss Grace Tully
The White House

Dear Miss Tully:

I believe the President will
be interested in the enclosed message from our
representative in London.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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16 January 1945

MEMORANDUM FOR THE PRESIDENT:

The following information has been transmitted by the OSS representative in London:

King Peter informed Eden personally, on 15 January, of his desire to meet with Tito as the most effective way to reach a speedy settlement. Eden pointed out that, after the King's communique, Tito might regard the proposal of a meeting as an attempt on the King's part to repudiate the agreement in its entirety and to advance entirely new proposals. Eden advised caution or Tito might "blow up".

Eden suggested that Peter submit counterproposals to the points in the Tito-Subasich agreement to which Peter had objected. After stressing the risk involved, Eden told Peter he might cable Tito if he wished. The King gained the impression that Eden does not object to a meeting with Tito as such, but feels the time is not propitious. The King said he would summon Partisan General Velebit and Premier Subasich and submit his counterproposals to them.

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Peter later saw General Velebit and gave him, for transmission to Tito, the counterproposal: "that the Regency, as well as the legislative power be wielded by the Government, by the constitutional method, until free elections of the Constituent Assembly" are held.

Through Velebit, the King sent the following telegram to Tito:

"I should be glad to learn whether you share my view that in the highest interests of our people a personal meeting between us in the near future would be desirable. I am sure you will agree that the present juncture calls for the fullest concentration of our national forces and in this, I like yourself, wish to take the utmost possible share. I would be grateful to receive your practical proposals for bringing about such a meeting at the earliest possible date."

(The King told the OSS representative that the Yugoslav constitution provides that the Government, in an emergency, may act both as a regency and as a legislative body until elections are held. He is anxious that the new Government swear allegiance to the King.)

Peter next saw Subasich, submitted the counterproposal to him and told him of his cable to Tito. Subasich pointed out

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that he had been trying to arrange a meeting between the King and Tito for a long time and doubted whether it could be effected now.

Peter then wrote Eden that he had seen Velebit and Subasich. "I gave them both my counterproposals for the agreement which can be discussed and even altered", he wrote, adding, "From the trend of my conversation with General Velebit, I gathered that I could express through him, my wish to meet Marshal Tito soon."

The King also wrote to Churchill summarizing what he had done, and stating in part: "I would be extremely grateful if no mention was made in Parliament on Yugoslav matters at present, to enable my efforts to have effect, but if any questions should arise please do not run me down in Parliament.... I need your cooperation."

The King planned to see the following members of his Government on 16 January: General Ristich, Kossanovich, Sutej, and Marusich.

The OSS representative has been informed by a most reliable source that Subasich, upon receipt of the King's written reply to his request for an interview to discuss the

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objections the King had included in his communique, had called his Cabinet together and told his Ministers that he was going to ask Eden to provide plane passage for all of them to Yugoslavia. Subasich told the Cabinet that he was no longer going to stand being ignored by the King and asked them all to tender their resignations. General Ristich alone agreed to reply. The others told Subasich he was too hasty and finally prevailed upon him to follow a less drastic course. Subasich later told the OSS representative that he was hurt by the King's complete disregard of his efforts to save the royal continuity of government.

The OSS representative is convinced that there is no truth to rumors that the King saw or contemplated seeing General Mirkovich or Knezevich.

Charles S. Cheston
Charles S. Cheston
Acting Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

17 January 1945

file

Miss Grace Tully
The White House

Dear Miss Tully:

I believe the President will be
interested in the enclosed message from our repres-
entative in London.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

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By DBL Date JUN 11 1973

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O.S.S. folder 3-45

OFFICE OF STRATEGIC SERVICES

WASHINGTON, D. C.

17 January 1945

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By Authority of CIA

007622
By DBZ Date JUN 11 1973

MEMORANDUM FOR THE PRESIDENT:

The following information, obtained from King Peter, has been transmitted by the OSS representative in London:

On 16 January King Peter informed General Ristich, Marusich, Kossanovich and Sutej of his counter-proposal to Tito that the Cabinet, when it is reorganized, act both as Regency and legislative body until a Constituent Assembly is elected. General Ristich and Marusic objected to the counter-proposal; Kossanovich and Sutej approved it wholeheartedly. Later in the day Subasich informed Peter that Eden wished to receive the text of the counter-proposal by 17 January so that Churchill could have it before the debate in Parliament on 18 January. The King made the following comments in his letter to Eden:

"This is, I think, a good counter-proposal to ease the situation, concerning the form of the Regency and article 2 of the amendment. It is not complicated and it has the advantage of being constitutional. It is based on tradition and on the constitution of 1921 as well as that of 1931. This solution would have more weight than all the complicated, unorthodox, far-fetched makeshifts that have been proposed up to date."

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- 2 -

According to the King, Subasich indicated that his Cabinet approves the idea that the King should name the Regency and that a special amendment be drafted protecting the royal prerogatives by giving the Regency the power to veto legislation, appoint judges and exercise the right of pardon. Subasich stressed, however, that the AVNOJ must continue to wield legislative power, though it could be enlarged to include former parliamentarians.

Subasich expressed his doubt that Tito will accept Peter's counter-proposal, since the Cabinet would have to sever allegiance to the King instead of to the people. The King plans to ask Subasich to submit his own counter-proposals, but indicated to the OSS representative that he will not accept them, and instead will hold to his present position until he hears from Tito.

Charles S. Cheston
Charles S. Cheston
Acting Director

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By WBL Date JUN 11 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

17 January 1945

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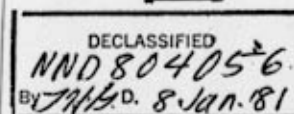
MEMORANDUM FOR THE PRESIDENT:

On 10 January the Japanese Emperor attended a secret council meeting during which someone dared to speak about peace feelers. The Emperor was informed that certain Japanese individuals have been attempting to interest the highest authority at source in mediating the Pacific War. The Emperor did not express any disapproval of these efforts.

Someone at the meeting declared that such activities might be a useful preparation for a time more opportune than the present. The Council was skeptical of mediation possibilities, evidently believing that only force of arms would settle the conflict.

Charles S. Cheston
Charles S. Cheston
Acting Director

VESSEL 24-b
Report of 16 January 1945



OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

17 January 1945

~~SECRET~~
~~CONTROL~~

Miss Grace Tully
The White House

My dear Miss Tully:

I believe the President
would be interested in the enclosed VESSEL report
numbered 24-b, dated 16 January 1945.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

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o.s.s. folder 5-45-

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

20 January 1945

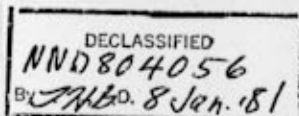
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MEMORANDUM FOR THE PRESIDENT:

Mgr. Amleto Cicognani, Apostolic Delegate to the United States, reports that, at the forthcoming Pan American conference scheduled for February 15th, the United States will present documentation to prove that Argentina has been supporting Nazi-Fascist regimes and that such a policy has been a menace to all free peoples as well as to all America.

A high official of the White House has informed Cicognani that Source's support of Argentina would displease the United States and would have repercussions on American public opinion. -

Mgr. Cicognani declared that the prestige of Catholicism has increased even among non-Catholics, and that a pro-Argentine directive to Catholics would only serve to damage this prestige.



Charles S. Cheston
Charles S. Cheston
Acting Director

VESSEL 32-a
Report of 18 January 1945

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

20 January 1945

~~SECRET~~
CONTROL

Miss Grace Tully
The White House

Dear Miss Tully:

I believe the President would be
interested in the enclosed VESSEL report numbered
32-a, dated 18 January 1945.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

20 January 1945

Miss Grace Tully
The White House

Dear Miss Tully:

I believe the President will be
interested in the enclosed message from our rep-
resentative in London.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure

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By Authority of CIA

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By SPJ Date JUN 11 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

20 January 1945

DECLASSIFIED

By Authority of CIA

007622
By DRS Date JUN 11 1973

MEMORANDUM FOR THE PRESIDENT

The following information has been transmitted by the
OSS representative in London:

Subasich has written King Peter a letter dated 17 January stating that his cabinet is prepared wholeheartedly to support the King's two objections to the proposed Tito-Subasich agreement as stated in the royal communique of 11 January. However, in view of the counterproposal subsequently sent by King Peter to Marshal Tito [suggesting that the powers of a regency be wielded by the future coalition cabinet], the letter inquires whether the King still abides by the stand expressed in the communique.

Before replying to Subasich, Peter summoned Minister of Interior Kosanovich and others for consultation. In an interview with the OSS representative on the evening of 18 January, Subasich expressed amazement at the King's conferring with members of the cabinet while refusing to grant Subasich an immediate audience to settle matters. Subasich stated that the King's long delay jeopardized the entire Tito-Subasich agreement and was making the King's position more difficult each day.

On 19 January Kosanovich advised the King to sign the agreement as it stands. Minister of Finance Sutej [also

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- 2 -

spelled Shutay, Croat Peasant Party leader, who opposes the Tito-Subasich agreement, and whose attempted resignation last December has not yet been accepted/ advised Peter to delay his reply. On the same day British Ambassador Stevenson told Peter that Churchill was anxious to have the King's final reply as both Tito and Stalin were waiting to hear from Churchill. Stevenson inquired whether there was any chance of Peter's reconsidering his position. The King replied that he intended to hold to his decision, and that he would communicate directly with Churchill and Eden in a day or two. Meanwhile Peter prepared a reply to Subasich to be forwarded on 20 January. Asserting that his counterproposal to Tito and the official communique are not contradictory, Peter writes: "In the communique I object to the form of the regency and in my counterproposal of January 15 I explain precisely my opinion that the form of transfer of the royal power should be vested in the government nominated in the constitutional way".

Charles S. Cheston
Charles S. Cheston
Acting Director

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By Authority of CIA

007622
By DBS Date JUN 11 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

SECRET

22 January 1945

Miss Grace Tully
The White House

Dear Miss Tully:

I believe the President would be
interested in the enclosed report from our repre-
sentative in Bern.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

DECLASSIFIED
By Authority of CIA

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By SR Date NOV 27 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.
22 January 1945

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MEMORANDUM FOR THE PRESIDENT:

The OSS representative in Bern reports that the war-weary inhabitants of Vienna have been deeply impressed by the fate of Budapest and the influx of Hungarian refugees into Austria. He believes that any move by the Allies to spare Vienna a similar fate might have great effect on the Viennese.

Were the Allies to propose that Vienna be spared air bombardment and frontal attack or be treated as an open city, on condition that the Germans stopped troop and materiel transport through the city and ceased using Viennese armament factories and military installations, the Germans would likely refuse the proposal. Vienna's importance to them as a rail center would likely preclude acceptance. Such a rejection, however, might produce a Viennese reaction approaching open revolt, if such is possible in war-weary Vienna. At least the German rejection would impress the Viennese with the realization that the Allies are their friends and the Nazis their enemies.

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By SR Date NOV 27 1973

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- 2 -

The OSS representative comments that the fate of Vienna may now largely be in Soviet hands, but is of concern to all.

Charles S. Cheston

Charles S. Cheston
Acting Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

SECRET

22 January 1945

MEMORANDUM FOR THE PRESIDENT:

Miss Grace Tully
The White House

Dear Miss Tully:

I think the President would be interested in seeing the enclosed report from the OSS representative in London.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

DECLASSIFIED

By Authority of CIA

007622
By SR Date NOV 27 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

22 January 1945

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file

MEMORANDUM FOR THE PRESIDENT:

The following information has been transmitted by the OSS representative in London:

King Peter's final reply on the Subasich-Tito draft agreement, which was to be forwarded to Prime Minister Churchill on 20 January, reiterates the previous stand of the King, including his two objections to the agreement as stated in the royal communique of 11 January. In addition, Peter takes exception to Churchill's statement in his speech of 18 January which reads: "If we were so unfortunate as not to be able to obtain the consent of King Peter the matter would have in fact to go ahead, his assent being presumed." Peter repudiates any presumption of his assent, adding: "It would be very painful to me to find that I would have to be obliged to protest against this."

Charles S. Cheston

Charles S. Cheston
Acting Director

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By Authority of CIA

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By SR Date NOV 27 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

24 January 1945

file

Regraded
CONFIDENTIAL
CIA letter, 11-29-75

Miss Grace Tully
The White House

Dear Miss Tully:

I believe the President will be interested
in the enclosed memoranda in connection with other
memoranda recently forwarded to him, concerning Ger-
man efforts to contact the Allies.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

DECLASSIFIED
Authority *NND 904001*
HCM/v NARA, Date *2/20/92*

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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CONFIDENTIAL

24 January 1945

MEMORANDUM FOR THE PRESIDENT:

On 13 and 28 December 1944 memoranda were forwarded to you concerning reported negotiations between Eric Grant Cable, the British Consul-General in Zurich, and Alexander Constantin von Neurath, the German Consul at Lugano, and concerning the reported interest of two prominent Reichsicherheitshauptamt (RSHA) officials, SS General Harster and SS General Wolff, in opening negotiations with the Western Allies.

Memoranda dated 28 December 1944 and 16 January 1945 describe the mission of an agent of the Sicherheitsdienst (SD) who crossed Allied lines in France in order to contact the British in the interests of a compromise peace.

The two attached memoranda, "Peace Feelers via German Diplomats in the Vatican" (Tab A) and "RSHA Attempt to Obtain Papal Intervention for Peace" (Tab B), also deal with German peace feelers. Tab A is concerned with a proposal by von Kessel of the German Embassy in the Vatican, that he go to Switzerland and through von Nostitz, Counsellor of the German Legation in

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CONFIDENTIAL

Bern, discuss peace possibilities with Marshals Guderian and Rundstedt. Tab B reports on the efforts of another SD official in North Italy to deliver a message to the Pope through a Benedictine priest and the Abbot General of the Benedictine Order, asking the Pope to intervene with the Anglo-Americans. The Abbot General reportedly has not delivered the message to the Pope.

All of these peace feelers apparently are interrelated and emanate from the same source: the SD leadership under Himmler in Germany. It is possible that such individuals as Weiszaecker, von Kessel and von Nostitz may be operating as non-Nazi nationalist Germans rather than as agents of the Nazi regime, but that their efforts are regarded by the Nazis as serving Nazi ends.

Charles S. Cheston
Acting Director

Attachments.

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Peace Feelers via German Diplomats in the Vatican.

The following is a summary of reports from the OSS representative in Rome concerning peace feelers recently put forth by German authorities in the Vatican:

Baron Ernst von Weiszaecker, the German Ambassador to the Holy See, and Albrecht von Kessel, first secretary to the Holy See, on 31 October 1944 informed a British representative that they were prepared to give important information concerning Marshal Heinz Guderian. Pending instructions from the British Foreign Office, the British representative was informed by his superiors to make no commitment. Henry Lennox Hopkinson, of the British Foreign Office, informed Colonel S. S. Hill-Dillon on 15 November that the Foreign Office had no objection to approaching von Kessel for positive intelligence information without commitment. The British are anxious that von Kessel should remain at his post in the German Embassy in order to be able to work for them. [Von Kessel was arrested by Allied authorities upon their arrival in Rome in June 1944, but upon interrogation was adjudged anti-Nazi, released, and allowed to return to his post in the Vatican.]

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~~CONFIDENTIAL~~

On 17 November, a British intelligence officer approached von Kessel. Von Kessel declared that his primary interest was to do all he could for Germany since events were moving so rapidly that the complete ruin of Germany and Western Europe would soon be effected. By helping Germany, von Kessel declared, he would also benefit Britain and western civilization. Also present at the meeting was Baron Siegesmund von Braun, of the German Embassy to the Holy See. Von Braun declared that while the present German government was not anxious to make peace, both Marshal Guderian and Marshal Rundstedt were interested, and were in a position to do so with respect to the Western Front.

To open negotiations, von Kessel suggested that he go to Switzerland, where he could get in touch with a friend. This friend, he explained, would take direct action only if approached by one of his own circle. Pressed for the name of the friend he indicated a person who by subsequent reports appears to be Siegfried von Nostitz, the Counsellor of the German Legation in Bern. Von Kessel maintained that for his mission to carry sufficient weight he must have the backing of some well-known British personality like Ivone A. Kirkpatrick [political adviser to

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CONFIDENTIAL

- 3 -

the Foreign Office on German affairs, who was with the British Embassy in Berlin for four years during the 1930's.⁷

Von Kessel proposed to obtain sick leave to go to Fiuggi, so that the Nazis would not be aware of the reasons for his leaving the Vatican for Switzerland. He proposed to travel from Fiuggi to Switzerland on a false passport. He declared that he did not desire to leave the Vatican permanently, because he does not wish to desert his friends, who he declares have fought with him against Nazism for ten years.

Asked whether Weiszaecker, the Ambassador, might not betray him, von Kessel replied that Weiszaecker was his friend and hated von Ribbentrop. Von Kessel was confident that, as his friend, the Ambassador would never admit to any knowledge of the plot.

The OSS representative in Bern reported on 19 January that Nostitz has recently received a letter from von Kessel suggesting the possibility of his obtaining sick leave from the Foreign Office for a cure in Switzerland. Nostitz doubts whether this is feasible, but has proposed it to Berlin. Nostitz considers it most desirable to have an early meeting with von Kessel. Since Berlin will probably not grant von Kessel per-

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- 4 -

mission to go to Switzerland, Nostitz wants von Kessel to consider the possibility of a clandestine visit to Annemasse. Nostitz feels that such a visit might pave the way for Ambassador Weiszaecker to use his influence with conservative German Generals, at an appropriate time, to open the front to our troops and avoid useless destruction of Germany. The OSS representative in Bern comments that this suggestion may be a far cry, but points out that the stakes are high and the gamble may be worth while.

[Brief sketches of the individuals mentioned in the above report follow.]

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- 5 -

~~CONFIDENTIAL~~

BARON ERNST VON WEISZAECKER: Has been German Ambassador to the Holy See since April 1943. Prior to that time he was von Bulow's successor as Secretary of State in the German Foreign Office, in which capacity he concerned himself particularly with American relations. He was assigned to the Holy See, apparently in order to give Germany a first-rate diplomat at a highly important post and to allow an ardent Nazi to become Secretary of State. He is opposed to Ribbentrop's foreign policies, but is on very intimate terms with Obersturmbannfuehrer Elling, the Counsellor at the German Embassy, one of the key SD figures in Italy. Elling, under the guise of historical research on Vatican-German relations, set up a net-work of agents in Rome, drawn primarily from Benedictine priests and diplomatic circles, to operate after German forces were withdrawn. Elling's allegiance to the Nazi regime appears to be incidental to a desire to keep Germany intact for the future. While Weiszaecker does not appear to be a Party member, his own nationalist aspirations for Germany and his long experience as a diplomat make him very useful to the Nazis.

ALBRECHT VON KESSEL: A 42-year-old German career diplomat whose first post was with the German Embassy to the Holy See (1930-32).

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- 6 -

CONFIDENTIAL

Subsequently he served as vice-consul at Kattowitz, Slovakia, and at Memel, and was for three years Third Secretary at the German Legation in Bern (1935-37). He was under Weiszaecker in the Foreign Office from 1937 to 1941, and then served as Consul in Geneva until his present assignment to the Vatican in July 1943. Von Kessel is understood to be anti-Nazi and anti-Japanese. He was rumored to have some connection with the SD, but this appears unlikely.

BARON SIEGESMUND VON BRAUN: Appears to be an agent of the SD charged with checking on the activities of members of the Embassy and other German service staffs in Rome. During 1943 there were indications that Weiszaecker was attempting to form a Vatican information service under the direction of von Braun.

BARON ALEXANDER CONSTANTIN VON NEURATH: The son of the former German Foreign Minister and Reichs Protector of Bohemia and Moravia. His father apparently still holds the chairmanship of the Privy Cabinet Council. The younger von Neurath has held the seemingly inconspicuous post of Consul at Lugano since July 1943. At the time of the German invasion of the Low Countries in 1940, he was First Secretary at the German Embassy in Brussels. At that time he reportedly was engaged in gathering military intelligence and

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recruiting agents. He left Brussels on 10 May 1940, and after an assignment as Consul-General at Milan, served as liaison officer between Rommel and Italian Headquarters in North Africa. His wife, a member of the von Mackensen family, used to be on very friendly terms with Hitler. He recently has figured in several attempts by the SD to contact the Allies and appears to be an active agent of the Nazi Party.

SIEGFRIED VON NOSTITZ: Counsellor of the German Legation in Bern.

Understood to have been a member of the Abwehr, the Reichswehr's foreign intelligence branch which was largely absorbed by the SD after the 20 July putsch. Abwehr personnel in Switzerland were to a large extent active in the conspiratorial group behind that coup and served as its contact with the outside world.

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CONFIDENTIAL

RSHA Attempt to Obtain Papal Intervention for Peace.

The following information has been transmitted by the
OSS representative in Caserta:

A Benedictine priest, Don Guiseppe Cornelio Biondi,
has been sent through Allied lines in Italy to Rome on a peace-
feeler mission by Major Begus of the Sicherheitsdienst (SD) in
Verona.

✓ Begus, a Sturmbannfuehrer, is head of Amt VI of the
Reichssicherheitshauptamt (RSHA) in Italy, and political adviser
to the German High Command in Italy. Amt VI is primarily con-
cerned with secret political intelligence in foreign countries.

✓ As head of this section, Begus undoubtedly is closely
associated with the prominent RSHA figures, SS General-leutnant
Wilhelm Harster, commander of the Security Police and Security
Service in Italy, and SS Obergruppenfuehrer and General der
Waffen SS Karl Wolff, Higher SS and Police leader in Italy and
chief of Himmler's personal staff. While theoretically subor-
dinate to both Harster and Wolff, Begus nevertheless probably
reports directly to, and receives orders directly from, Berlin. 7

Begus assigned Biondi to contact the Pope through
Padre Don Emmanuele Caronti, the Abbot General of the Benedic-

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CONFIDENTIAL

RSHA Attempt to Obtain Papal Intervention for Peace.

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A Benedictine priest, Don Guiseppe Cornelio Biondi, has been sent through Allied lines in Italy to Rome on a peace-feeler mission by Major Begus of the Sicherheitsdienst (SD) in Verona.

✓ Begus, a Sturmbannfuehrer, is head of Amt VI of the Reichssicherheitshauptamt (RSHA) in Italy, and political adviser to the German High Command in Italy. Amt VI is primarily concerned with secret political intelligence in foreign countries.

✓ As head of this section, Begus undoubtedly is closely associated with the prominent RSHA figures, SS General-leutnant Wilhelm Harster, commander of the Security Police and Security Service in Italy, and SS Obergruppenfuehrer and General der Waffen SS Karl Wolff, Higher SS and Police leader in Italy and chief of Himmler's personal staff. While theoretically subordinate to both Harster and Wolff, Begus nevertheless probably reports directly to, and receives orders directly from, Berlin. 7

Begus assigned Biondi to contact the Pope through Padre Don Emmanuele Caronti, the Abbot General of the Benedic-

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CONFIDENTIAL

tine Order. Caronti was Biondi's suggestion as the proper Papal contact. Begus wired Berlin for security clearance on Caronti and presumably obtained it.

Begus asked Biondi to transmit, in substance, the following message to the Pope:

In the sixth year of war, Germany finds herself alone in the fight against Bolshevik Russia. In the interests of saving mankind, Germany now looks to the highest ecclesiastical authority to intervene with the Anglo-Americans and guarantees absolute secrecy to any negotiations with the Vatican.

Biondi was instructed by Begus to obtain a "yes" or "no" reply from the Pope to this proposal. If an affirmative reply was forthcoming, the Germans planned to carry on the actual negotiations through normal diplomatic channels. However, Begus specifically ordered Biondi not to contact German diplomats at the Vatican, and asked him to return via Switzerland and get in touch with Alexander Constantin von Neurath, the German Consul at Lugano. [It is common intelligence practice to keep agents, working on similar assignments, apart and in ignorance of each other's identity and activities.]

The OSS representative in Rome has obtained possession of notes in Biondi's own handwriting summarizing the

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- 3 -

message to be transmitted to the Pope and detailing certain other political assignments in and around Rome which Biondi was to carry out at Begus' request. Caronti is reliably reported to have declared that he refused to pass on the proposal to the Pope and has no intention of doing so.

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

24 January 1945

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Miss Grace Tully
The White House

Dear Miss Tully:

I think the President would be
interested in the enclosed VESSEL report numbered
42-a, dated 24 January 1945.

Sincerely yours,

Charles S. Cheston

Charles S. Cheston
Acting Director

Enclosure.

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.
24 January 1945

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MEMORANDUM FOR THE PRESIDENT:

On 17 January a conference, the substance of which is reported below, took place with the following people present:

Masahide Kanayama, Japanese representative
at the Holy See

Giovani Montini, acting Secretary of State

Mgr. Domenico Tardini, President of the
Pontifical Commission for Russia

Pio Rossignani, Private Secretary of the
Pope

KANAYAMA: The pacifists in Japan have great faith in the Holy See. An attempt by the Holy See to initiate mediation would greatly encourage our pacifists, even if there should be no immediate concrete results.

MONTINI: It is clear to us that the gap between the viewpoints of the two belligerents is too wide to permit Papal mediation.

TARDINI: Japanese adherence to the tri-partite pact seriously hurts the Japanese case in Allied countries. World opinion stigmatizes Japan as an aggressor, and even Soviet Russia concurs.

MONTINI: The Holy See has striven to soften this world indictment of Japan by emphasizing the differences between the oriental and occidental mentalities.

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KANAYAMA: Your excellencies should consider that our aggression is now justified by the fact that our adversaries are stronger than we. The United States prepared psychologically for this war in the Pacific as much as did Japan. Books were printed in the United States which predicted war with Japan.

ROSSIGNANI: It seems to me that one of these books was written in 1925 by a high American Navy officer, and it predicted a Japanese-American war for 1931 or 1932. The book was translated into Italian.

TARDINI: My dear son, this is all beside the point. The United States considers Japan the aggressor, and moreover they are certain of victory.

MONTINI: True enough, but it also seems to me that much depends on Russia.

KANAYAMA: Our Ambassador in Moscow has informed our Government that the Far East will be discussed when the Big Three meet. The United States, supported by Churchill, will ask for Russian help to crush us completely. The Anglo-Americans will ask that Russia denounce the pact of non-aggression with Japan and that Russia passively participate in the Pacific War and permit Anglo-American use of Russian air bases. Our Government also understands that, before Stalin will agree to this, he will request a wholehearted attempt on the part of the Anglo-Americans to mediate, and

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that he will even offer to act as mediator. Our Government also understands that the Big Three will discuss European problems first, and that if they are not settled to Russia's satisfaction, especially the Polish question, then Stalin will not discuss the Far East.

TARDINI: The United States and England have already made a declaration on Poland. American public opinion is behind Roosevelt.

KANAYAMA: It is a diplomatic maneuver to draw concessions from Russia. Moreover, Roosevelt and Churchill have another move to make against Russia. Turkey and the countries of the Middle East are ready to enter the war against us. Stalin is opposed to these countries entering either the Pacific or the European War.

ROSSIGNANI: In view of all this, would it not be better for the Pope to synchronize his mediation with that of Stalin?

KANAYAMA: On the contrary, it is urgent that His Holiness come to our assistance before the Big Three meet to discuss Japan, and that this mediation be in full swing at the time. Stalin is interested in close collaboration with the Anglo-Americans, but he wishes to gain the maximum benefits from this collaboration. Stalin knows that the Japanese reaction will be swift when it becomes evident that Russian denunciation of the non-aggression pact is imminent. There may be a stiffening of Japanese

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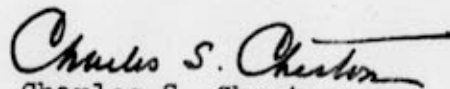
- 4 -

resistance, or the pacifists may prevail. In this latter case, Stalin would cut a big figure, and he would be able to gain satisfying terms for the Anglo-Americans. And even to the Japanese he might appear as the savior of Japan from destruction. Stalin desires to have De Gaulle at the coming conference, but Roosevelt and Churchill are opposed. However, should De Gaulle be admitted to the conference, then Chiang Kai-shek will be present also.

MONTINI: Would it not be possible for the Japanese Government to offer terms that would be closer to those of the Anglo-Americans so that the Holy See could begin mediation on more concrete bases?

KANAYAMA: We will communicate your request to our government at once, together with an account of this conference. Meanwhile, it would be useful if the Holy See would begin mediation attempts.

ROSSIGNANI: Very well. This evening I will present Mr. Kanayama's memorandum and the minutes of this conference to His Holiness.


Charles S. Cheston
Acting Director

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

PSF OSS Jan. 1945
DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

GEM-198
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. ()

Vatican City

Dated January 25, 1945

Rec'd 8:50 a.m., 26th.

Secretary of State,
Washington.

24, January 25, 4 p.m.

~~VERY SECRET~~ FOR PRESIDENT ONLY

Marquis Visconte Venosta called upon me this morning. He is a descendant of an old and distinguished family whose forebears in years past have been very prominent in Italian diplomacy. He was anti-Fascist and is intimately and most favorably known and considered by the Pope, the Crown Prince, the present Foreign Secretary De Gasperi and by Bonomi. He was Under Secretary of Foreign Affairs to Bonomi in recently reorganized government and would have accepted post of Foreign Minister or Ambassador to Washington under the new and present government if his health had permitted. He resigned post of Under Foreign Secretary to Bonomi for reasons of health before recent cabinet crisis had fully developed. His ardent patriotism now leads me to suggest that he is prepared to accompany Foreign Minister De Gasperi to Washington to meet you

DECLASSIFIED
State Dept. Letter
9 Aug 73
By R. A. Parks Date DEC 11 1973

-2-#24, January 25, 4 p.m., from Vatican City,

meet you now or to meet you at any point in your proposed trip that is convenient to you. My own impression is that this is timely and desirable, that these honest representatives of a struggling Italy be given the opportunity to present their views to you in person. This anticipates arrival in Washington of new ambassador who is making his first entrance into diplomacy though he has been a journalist of capacity, anti-Fascist and for some years living in Washington. For many reasons which I consider constructive and desirable I urge upon you that you grant this request. I am mailing by army pouch today my own brief summary of the Italian situation.

TAYLOR

NPL

OFFICE OF STRATEGIC SERVICES

WASHINGTON, D. C.

25 January 1945

~~SECRET~~

CONTROL

Miss Grace Tully
The White House

Dear Miss Tully:

I believe the President would be
interested in the enclosed VESSEL report numbered
44-a, dated 23 January 1945.

Sincerely yours,

Charles S. Cheston

Charles S. Cheston
Acting Director

Enclosure.

DECLASSIFIED

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OFFICE OF STRATEGIC SERVICES

WASHINGTON, D. C.

25 January 1945

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MEMORANDUM FOR THE PRESIDENT:

At the request of the Japanese Government, the Japanese Ambassador to the Holy See (Harada Ken) has presented the Private Secretary of the Pope (Pio Rossignani) with the following information, which the Japanese Ambassador hoped would cause an attempt at mediation to be begun immediately:

The Kremlin has assured the Japanese Ambassador in Moscow that the USSR will continue to define Japan as an aggressor but will take no further step at the coming "Big Three" conference.

The Japanese Ambassador in Moscow is negotiating with the Kremlin in an attempt to effect an agreement according to which (1) Russia will respect the non-aggression pact; (2) Japan will denounce the tripartite and anti-Comintern pacts, will break completely with Germany, and will remove all anti-Communist controls in the Japanese Islands.

The Japanese Government believes Russo-Japanese understanding will expedite Anglo-American willingness to mediate the Pacific war.

Charles S. Cheston
Charles S. Cheston
Acting Director

VESSEL 44-a
Report of 23 January 1945

DECLASSIFIED

Authority NND 804056
By RT, NARA, Date 8 Jan 87

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

~~SECRET~~

25 January 1945

Miss Grace Tully
The White House

Dear Miss Tully:

I think the President would be
interested in the enclosed message from our London
representative.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

DECLASSIFIED

By Authority of CIA

007622

By SR Date NOV 27 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

SECRET

25 January 1945

BF

MEMORANDUM FOR THE PRESIDENT:

The OSS representative in London has transmitted the following information:

On 20 January, Premier Subasich addressed the following communication to King Peter:

"Today General Velebit informed me of a wire which he received from Marshal Tito, which relates to the telegram which you handed to General Velebit for Marshal Tito. Marshal Tito in his wire says that in so much as you have objections which could only be transmitted by the Royal Government, because of protecting democratic and constitutional principles, Marshal Tito wants the Royal Government to receive your Majesty's prompt acceptance of the agreement in its entirety. In that telegram Marshal Tito also puts forward his wish that the Government at once come to the country."

Charles S. Cheston
Charles S. Cheston
Acting Director

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By Authority of CIA

007622

By SR Date NOV 27 1973

SECRET

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

~~TOP SECRET~~

25 January 1945

Miss Grace Tully
The White House

Dear Miss Tully:

I believe the President will be interested in the enclosed message from our London representative.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

DECLASSIFIED
By Authority of CIA
007622
By WPS Date JUN 11 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

25 January 1945

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DECLASSIFIED

By Authority of CIA 007622

MEMORANDUM FOR THE PRESIDENT:

By DBS Date JUN 11 1973

The following information has been transmitted by the
OSS representative in London:

King Peter and the Princess Aspasia have dictated the
following message [concerning the situation after the King's de-
nunciation of Premier Subasich, who, according to press reports,
has not yet been formally dismissed]:

"On the afternoon of 23 January Finance Minister Yuray
Shutay [also spelled Sutej] reported to King Peter that Premier
Subasich has read his cabinet ministers an official communica-
tion of the British Foreign Office advising Subasich not to re-
sign, and stating that Subasich has full British support to con-
clude the proposed agreement with Marshal Tito as it stands,
without the consent of the King. Any government which the King
may wish to appoint will not be recognized by the British Gov-
ernment. The Subasich government is advised to proceed to Yugo-
slavia within two days. All Yugoslav politicians and government
employees desiring to go will be given free transportation by
the British. Subasich also informed his cabinet that he has the

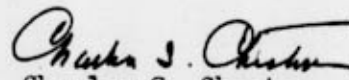
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- 2 -

support of Queen Mother Marie, who, he said, has denounced the King's stand, saying he should abdicate in favor of his younger brother, Tomislav. Patterson and Shantz, when called by the King at 1500 hours on 23 January, had not been informed of the British decision."

The OSS representative adds that Shutay has refused to go to Yugoslavia, thus necessitating the appointment of a new Finance Minister to the Subasich cabinet. Patterson reportedly left King Peter shortly after 1500 hours with the understanding that he would advise the King of any new developments. By 1900 hours Patterson had not communicated with the King and could not be reached. Up to the same hour Premier Subasich had not communicated with the King.


Charles S. Cheston
Acting Director

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By Authority of CIA

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By DBJ

Date

JUN 11 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

~~TOP SECRET~~

25 January 1945

Miss Grace Tully
The White House

Dear Miss Tully:

I believe the President will be
interested in the enclosed message from our represen-
tative in London.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

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By Authority of CIA

002622

By DBJ Date JUN 11 1973

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O.S.S. folder 5-45-

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

~~TOP SECRET~~

25 January 1945

MEMORANDUM FOR THE PRESIDENT:

The following information has been transmitted by the
OSS representative in London:

On 24 January, after seeing Subasich and Ambassador
Patterson, King Peter sent the following letter to Prime Min-
ister Churchill:

"I had a long talk with Dr. Subasich this afternoon.
We discussed the next steps. I told Dr. Subasich that if he
submitted his resignation and that of his Cabinet, I would en-
trust him with the forming of the new Government and with the
task of concluding the agreement, taking into consideration my
proposals. I also suggested that I would then use my best ef-
forts to bring into the Royal Yugoslav Government other demo-
cratic political elements.

"I have since talked with him by telephone and he has
informed me that he has already held a Cabinet meeting and is
giving the Ministers until tomorrow, when he will bring me the
definite answer.

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By Authority of

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DBJ

JUN 11 1973

- 2 -

~~TOP SECRET~~

"I will not give my consent to the Royal Yugoslav Government to leave London before this situation is cleared up."

Charles S. Cheston
Acting Director

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By Authority of CIA

007622

By DBS Date JUN 11 1973

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

~~TOP SECRET~~

26 January 1945

Miss Grace Tully
The White House

Dear Miss Tully:

I believe the President will be
interested in the enclosed report, which comes from
our representative in London.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

REGRADED UNCLASSIFIED

~~TOP SECRET~~

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

~~TOP SECRET~~

26 January 1945

MEMORANDUM FOR THE PRESIDENT:

The following information has been transmitted by the
OSS representative in London:

On 24 January, King Peter summoned Premier Subasich
for new consultations. He again proposed that the Subasich gov-
ernment resign, and suggested that Subasich form a new govern-
ment to include Yuray Krnjevic and Milan Grol, after which
steps would be taken to resolve the King's objections to the
Tito-Subasich draft agreement. Subasich consulted with his
cabinet and the King's proposals were accepted. A few hours
later, however, Subasich informed the King that General Velebit
[Partisan military liaison officer in London] had strongly ad-
vised Subasich to make no decision pending a reply from Tito,
who had been informed of the situation. Although Subasich and
his cabinet appear definitely to have been frightened by Vele-
bit's request, they are still inclined to accept the King's
proposal. In this connection the State Department communique
delivered to King Peter on the evening of 24 January by Patter-
son has carried considerable weight.

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By WBS

Date

JUN 11 1973

Charles S. Cheston
Acting Director

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

27 January 1945

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Miss Grace Tully
The White House

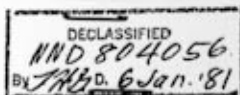
Dear Miss Tully:

I believe the President will be interested in the enclosed VESSEL report, numbered 43-a and dated 22 January 1945, which is being sent only to the President.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.



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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

27 January 1945

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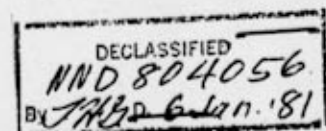
MEMORANDUM FOR THE PRESIDENT:

The following is source's account of the conference held on 19 January between the Pope and Mr. Myron Taylor:

When asked whether he considered Papal mediation in the Pacific war possible, Taylor was skeptical. He stated that recent developments had evidently not brought the Japanese point of view any closer to that of the Anglo-Americans. The Pope asked if he would discuss the situation with the Japanese Ambassador to the Holy See, and Taylor replied that he was neither an official nor semi-official representative of the United States, and accordingly could speak only as a private individual. Taylor promised to communicate with the President, for which the Pope thanked him, and asked him to explain the sentiments which animated this inquiry.

Charles S. Cheston
Charles S. Cheston
Acting Director

VESSEL 43-a
Report of 22 January 1945



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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

27 January 1945

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Miss Grace Tully
The White House

Dear Miss Tully:

I believe the President will be interested in the enclosed report from our representative in London.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

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By Authority of CIA

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By DBL Date JUN 11 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

27 January 1945

DECLASSIFIED

By Authority of CIA

007622

By DPB Date JUN 11 1973

MEMORANDUM FOR THE PRESIDENT:

The following information has been transmitted by the
OSS representative in London:

At a cabinet meeting on the morning of 26 January, Subasich and four out of five of his ministers decided not to return to Belgrade before clarifying their position in respect to King Peter. General Ristich was the only dissenting member of the cabinet. He handed in his resignation, which was neither accepted nor rejected.

The cabinet's decision was precipitated by Ambassador Stevenson's arrival in the middle of the meeting. Stevenson is reported to have asked: "What do you mean by sitting here talking when British planes are ready to leave with all of you?" General Ristich added: "What are we waiting for if England is backing us?" A heated word battle followed, and Stevenson left in a fury after Subasich stated that he and four of his five ministers would remain. Partisan General Velebit was then called in, and he agreed that it was wise to delay the departure until an understanding with the King had been reached.

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Subasich agreed to sign that day (26 January) a statement to the following effect, although General Velebit prevented him from doing so:

The Prime Minister has today submitted his resignation and that of his Cabinet to King Peter. The King has accepted the Government's resignation and has asked Subasich to form a new government, comprising if possible representatives of the progressive democrat parties and personalities capable of implementing the agreement with Tito. The new government's duty will be to bring into operation this agreement, taking into consideration the King's two objections made public in his communique of 11 January. The King believes that all the peoples of Yugoslavia will find full satisfaction in the agreement so concluded, and that this agreement will be a token of a new, democratic, happier, and federated Yugoslavia. Subasich has accepted the royal mandate to form a new government.

Budisavljevich and Grol /middle-of-the-road Yugoslav exiles/ are reported to support the King's viewpoint and, after

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By Authority of CIA

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By DRS Date JUN 11 1973

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a two-hour conference with Peter, to be willing to join a new Subasich government if Subasich ratifies the King's two objections to the agreement with Tito.

Charles S. Cheston
Charles S. Cheston
Acting Director

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By Authority of CIA

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By SPB Date JUN 11 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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27 January 1945

Miss Grace Tully
The White House

Dear Miss Tully:

I believe the President will be
interested in seeing the enclosed memorandum, the
intelligence in which was forwarded by our repre-
sentative in Bern.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

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By Authority of CIA

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By SR Date NOV 27 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

SECRET

27 January 1945

MEMORANDUM FOR THE PRESIDENT:

The following communication has been received from the OSS representative in Bern:

One of the two emissaries of the conspiratorial group behind the 20 July putsch who was previously reported arrested by the Nazis has escaped to Switzerland, and has supplied further information on the divergence of opinion which developed among the conspirators as previously reported in a memorandum dated 17 August 1944.

Source declares that Colonel von Stauffenberg, who made the attempt on Hitler's life, had planned to conclude a peace with the Soviets, if the putsch were successful and proposed to announce the establishment of a "workers and peasants" regime in Germany. The old-line Generals did not agree with this plan and continued to favor a peace arrangement with the Western Allies to the exclusion of the Soviets. They did not oppose von Stauffenberg, however, since he was the only one willing to risk his life and was the only person in a position

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By Authority of CIA

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By SR Date NOV 27 1973

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to place the bomb. They hoped that they would be able later to direct developments along more conservative lines.

The OSS representative comments that:

The present situation on the Eastern Front and the general trend of the situation in Germany indicate that an eastern solution of the war may now be more attractive to Germany. It is not impossible that Germany will maintain stubborn resistance in the West even though the Soviets have pressed deep into the Reich, unless some means is found to break the resistance of Wehrmacht forces opposing the British and Americans.

A subtle, psychological approach may help the Anglo-American military forces. The following points might be suggested to high Wehrmacht circles:

(1) Unconditional surrender unalterably remains the Allied policy, but German military leaders must, in the face of inevitable and rapidly approaching military defeat, consider the future of their country.

(2) In both the East and the West Germany faces the choice of making each German city an Aachen, Warsaw, or Budapest, or of facilitating the entry of Allied armies and the orderly transfer of authority to occupation forces under condi-

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tions which would spare unnecessary destruction, facilitate the distribution of food and raw materials and a resumption of economic life, and make possible the orderly evacuation of prisoners and foreign workers.

(3) Wehrmacht officers who contribute to such a constructive policy, assuming they are not marked as war criminals, would be treated with consideration due their rank and according to the services which they render in the liquidation of the Nazi regime and the forces which have supported it.

An affirmative program along these lines, the OSS representative believes, may help to drive a wedge in the German army before the effects of the Soviet successes in the East create chaos in Germany. Even though the USSR probably does not wish to see a Bolshevized Germany, many Germans appear to believe that a Bolshevized Germany would facilitate an understanding with the USSR. They seem to be working in this direction, aided by current military developments, by the distress incident to the slowly creeping paralysis of German transport, by the suffering resulting from air bombardment, and by the presence in Germany of large numbers of undernourished and desperate prisoners of war, foreign workers and bombed-out peoples. **DECLASSIFIED**

Charles S. Cheston
Charles S. Cheston
Acting Director

SECRET

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

~~TOP SECRET~~

29 January 1945

Miss Grace Tully
The White House

Dear Miss Tully:

I believe the President will be interested in the enclosed message from the OSS representative in London.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

DECLASSIFIED

By Authority of CIA

007622

By ABJ

JUN 11 1973

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30 JAN 1945
WASHINGTON D.C.
OFFICE OF STRATEGIC SERVICES

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

O.S.S. folder 5-45-

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29 January 1945

PSF

MEMORANDUM FOR THE PRESIDENT:

The following information has been transmitted by the OSS representative in London:

On 27 January, Ambassador Stevenson handed Subasich a written communication from the British Foreign Office, stating that the Foreign Office had received a telegram from Stalin with reference to Churchill's speech of 16 January. The telegram expressed Stalin's opinion that the Yugoslav Government should depart at once for Belgrade and fuse with the Tito government, which would then name a Regency. Churchill replied to this telegram that he wanted United States consent, which had not yet been received.

In spite of this information, the Yugoslav Cabinet again expressed itself as unanimously opposed to leaving London until a settlement had been reached with King Peter. Peter is still holding firmly to his position, but desires help "in defense of the people's liberties". Partisan General Velebit is conferring with leaders of the progressive democratic parties. Subasich is in a state of physical collapse and has begged the King for two days rest.

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By Authority of CIA

Charles S. Cheston
Charles S. Cheston
Acting Director

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WBS
JUN 11 1973

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OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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31 January 1945

Miss Grace Tully
The White House

Dear Miss Tully:

I believe the President will be interested in the enclosed message from our representative in Caserta.

Sincerely yours,

Charles S. Cheston
Charles S. Cheston
Acting Director

Enclosure.

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By Authority of CIA

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By SR Date NOV 27 1973

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OFFICE OF STRATEGIC SERVICES

WASHINGTON, D. C.

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By Authority of

31 January 1945

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MEMORANDUM FOR THE PRESIDENT: CIA, 007622

By SR Date NOV 27 1973

The following communication has been received from the OSS representative in Caserta:

In connection with proposals for a United Yugoslav Government, currently under discussion, there are indications that Washington may be considering sending to Belgrade provisional representatives instead of fully accredited diplomatic missions.

In recent discussions with Tito and his advisors, especially with respect to Norden's coming to Belgrade, it has seemed clear to me that Tito was concerned lest the United States should try to introduce political agents who would report on activities but would not be regularly accredited. It was only after I had assured him that Norden would come as a member of a military mission and would confine himself to routine consular and administrative matters, that clearance was finally granted.

Tito's readiness to continue to deal with Subasich appears to be based largely on the assumption that he will thereby obtain satisfactory recognition by the major powers. Were he to suspect that this would not be forthcoming, his outlook on the entire matter might change. While he might be persuaded to accept provisionally accredited ambassadors, it is doubtful that he would accept much

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less, especially if he thinks the British and the Soviets are prepared to give him more.

Important as recognition is to Tito, his program is even more so. He is unlikely, for the sake of recognition, to jeopardize the achievement of his objectives by relaxing the control which he now exercises over the country. He would even less likely be persuaded to modify his objectives in exchange for recognition. It is therefore improbable that any diplomatic representative, whatever his status, could influence local developments.

The situation in Yugoslavia is hardly analogous to that in countries like France, where the leader of the liberation movement depended upon Allied armies for support. Even if it were possible for the opposition to take action with the King at their head and under the most favorable circumstances, competent foreign observers in Yugoslavia believe that Tito, without outside help, could suppress any uprising in a matter of weeks. Tito has mobilized almost all of the able-bodied youth, he has concentrated all the weapons in his hands, imprisoned most of the potential opposition leaders, seized control of the political machinery and press, and, above all, possesses the necessary ruthless determination.

Charles S. Cheston
Charles S. Cheston
Acting Director

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